

Meeting Minutes

Wednesday, April 13, 2005

Virginia Information Technologies Agency Auditorium
110 S. 7th Street
Richmond, Virginia

Members Present:

The Honorable Eugene J. Huang, Chairman
Chris Caine
Jimmy Hazel
Hiram Johnson

Walter Kucharski
James F. McGuirk, II
Dr. Mary Guy Miller
Scott Pattison
Len Pomata

Members Absent:

John C. Lee, IV

Others Present:

Lemuel C. Stewart, Jr., Chief Information Officer of the Commonwealth
John Westrick, Office of the Attorney General

Call to Order

The Chair called the meeting of the Information Technology Investment Board (ITIB) to order at 1:05 p.m. Roz Witherspoon, ITIB Executive Director, called the roll and one of the ten members was recorded as absent.

Approval of Minutes

Hiram Johnson made a motion that the minutes of the February 9, 2005 meeting be approved. Scott Pattison seconded the motion. There being no discussion, the minutes were approved as written.

CIO Status Report

CIO of the Commonwealth Lemuel C. Stewart provided a status report on agency operations and issues to the Board.

Transformation Update

PPEA Review

VITA entered the Public-Private Educational Facilities and Infrastructure Act (PPEA) Detailed Review stage on January 10, 2005. The Detailed Review Stage has been divided into two tracks, enterprise applications and infrastructure. The Infrastructure PPEA Review Team is working on completing the due diligence process, which is scheduled for completion on April 25. IBM and Northrop Grumman were selected to move into Detailed Review for IT infrastructure and will submit detailed proposals in mid-June.

On April 8, 2005, the Governor's Office designated Virginia Retirement System Chief Technology and Security Officer, Tim Bass, Project Manager for the Enterprise Applications PPEA Detailed Review. Mr. Bass will report to the Secretaries of Administration and Finance, as the business owners of the Enterprise Applications Track. The process of forming a project team to perform the due diligence and base-lining from various agencies in the Commonwealth is underway. Due diligence is scheduled to begin on May 2nd. Both the Infrastructure PPEA track and the Enterprise Applications PPEA track are on schedule for reaching a potential comprehensive agreement by November 1, 2005.

Quarterly Highlights

The VITA Learning Management System went live on March 10. The Learning Management System presently offers over 900 on-line technical courses, access to numerous technical libraries and resources, and training opportunities to all VITA employees. The offerings are available 24/7 and employees may access the system over the Internet. There are seven other agencies that plan to launch the Learning Management System by June 30, 2005.

The Government to Government (G2G) Enterprise Systems Interface went live in Arlington County on March 21. It provides a secure hosted environment at VITA to facilitate the exchange of data between state and local government service providers. The first system implementation, the human services interface, is an interface for local social services systems to the state systems, including the Department of Motor Vehicles, the Department of Social Services and the Virginia Employment Commission. Arlington County is the first locality to implement this system. Anticipated positive results include significant productivity improvement and a reduction in service delivery time.

The VITA Quarterly Report was issued to the Governor and General Assembly on April 1.

The "refresh" of the *Commonwealth of Virginia Strategic Plan for Technology* has been completed, including input from the Council on Technology Services and members of the ITIB.

The *Enterprise Business Architecture*, Version I, and the redesign of the *Recommended Technology Investment Projects* process and report for ITIB prioritization and recommendation of major projects to the Governor and General Assembly have been completed.

Local Outreach Update

VITA is reaching out to local governments, libraries, and K-12 schools. Eleven new VITA customers have been added since January 2005. The transformation goal and vision of VITA is to be the model IT center for excellence in the Commonwealth. As such, VITA strives to achieve maximum leverage in serving citizens statewide to include Executive Branch agencies, Independent agencies, community colleges, universities, local government, cities, towns and counties. This broad initiative reaches out beyond the normal boundaries of VITA to expand the business and services and deliver more benefits in a broader way across the Commonwealth of Virginia.

Auditor of Public Accounts (APA) Activity

The Auditor of Public Accounts (APA) issued a Statewide Single Audit Report on March 15, 2004. There was one finding with four recommendations to the APA SAS 70 Audit Report. The Statement of Auditing Standards (SAS) 70 was developed by the American Institute of Certified Public Accountants. It is a service organization review of operations related to VITA policies and procedures. Progress on the recommendations will be reported bi-monthly. An APA Action Plan has also been submitted to ITIB Finance and Audit Committee.

In addition, the Internal Audit Director, Peggy Ward, is developing a system that will effectively manage and track all audit activities and recommendations (JLARC, APA, independent activities) currently underway in VITA.

The APA Wireless E-911 Services Board Audit Report for the year ended June 30, 2004, was completed and released on April 1. There were no findings or recommendations in the Audit Report.

CIO Major IT Project and Procurement Actions Occuring Since the Last ITIB Meeting

Project Planning Approval

- VITA: Commonwealth Technology Portfolio, Version 2, Phase 2

Project Development Approval

- Department of Social Services, Child Support Payment Processing Modernization
- Virginia Commonwealth University: Modernization of Communications Infrastructure (ACES)

Contract Approval:

- None

Project Suspension or Resumption Approval:

- Resumption: Virginia State University: Reengineer Core Business Processes

Security Assessment

To improve overall information security, VITA is conducting a Level I risk assessment for all in-scope agencies. Cooperative interviews are being conducted with each agency, with the assistance of an outside consulting group who will facilitate the process. The purpose of the interviews is to develop a baseline of the IT security risks at the enterprise and

agency levels to: increase agency-level security awareness (policy, standards, and procedures); identify programmatic gaps and deficiencies in the current security program; provide a basis to determine mitigation plans and determine spending priorities; and facilitate knowledge transfer to ensure a repeatable process to the proper implementation of security programs. The security assessment should be completed by June 30, 2005.

General Assembly 2005 Session Highlights

Passed Legislation Impacting VITA:

- HB 2866/SB 1327 (Charter University Bill) - provides for negotiated exemptions from ITIB, CIO and VITA oversight upon certain conditions being met by public institutions of higher education. The bill requires a negotiation process with the Administration relative to conditions met and potential exemptions.

Chairman Huang commented that the intent of HB 2866 is to provide flexibility to institutions of higher education and ensure they follow best practices in management and administrative principles for all things, including information technology. Specific language allows colleges and universities to be exempted from the Information Technology Investment Board and VITA oversight procedures, but this represented the high bar in terms of what could possibly occur in the course of negotiations.

Chris Caine inquired as to who would be involved in the negotiation process. Chairman Huang said the Governor will appoint a committee to engage in negotiations with institutions of higher education. At minimum, it will involve the Secretary of Finance and the Secretary of Education. The ITIB and the Secretary of Technology may provide input.

Hiram Johnson made a motion that a letter be drafted from the ITIB recommending to the Governor that the Secretary of Technology be appointed to the higher education negotiations committee. Chris Caine seconded the motion. The motion carried unanimously.

Chairman Huang stated that a letter would be drafted to the Governor for Board review.

- HB 2051 – amends public bodies' authorization to purchase from online public auctions and through cooperative procurement arrangements to require CIO approval for IT goods and services. Language had been passed in previous General Assembly sessions allowing agencies to purchase IT goods and services through other public options, i.e. eBay. In this regard, VITA could not effectively manage and/or track IT purchases and/or keep purchases within a central repository. With the amended legislation, HB 2051 requires CIO approval for use of online public auctions and cooperative procurement arrangements, should agencies choose to purchase IT goods and services from other public bodies other than through the VITA contract and procurement process.
- HB 2054 – authorizes VITA to establish a pilot project using alternative dispute resolution (ADR) to resolve procurement protests. VITA is in full support of this legislation. The pilot project expires July 1, 2008, and at that time, VITA will provide a report on the implementation, policies, and procedures regarding this program.

Mr. Stewart addressed other legislation for possible new IT projects and customer responsibilities wherein VITA and the ITIB may have a direct or indirect role:

- HB 1798/SB1143 – Development of a system to facilitate verification of legal presence for public benefit eligibility involving all human services agencies.
- HB 2519/SB 1132 – Virginia Immunization Information System to be established by the Department of Health. This is statewide registry that will consolidate immunization history from birth to death and made available to all health care providers in Virginia.
- HB 2871 – online filing of registrations for solicitation for charitable contributions to be established by the Virginia Department of Agriculture and Consumer Services.

Wireless E-911 Services Board – amended language expanding the ITIB responsibilities to establish the public need to have a single, statewide electronic address file for emergency response purposes. This will be joined with the GIS portfolio system. As Chairman of E-911 Services Board, Lem Stewart has established a subcommittee to initiate actions and to determine how the statewide address file will be implemented and the associated costs. The statewide address file will have value to various stakeholders and provide improved citizen services in the Commonwealth.

Savings Initiatives

Since the February report, there have been no significant changes in savings. There is continued focus on cost savings to agencies, as well as to local governments, counties, cities and towns. Approximately 51% of dollars are channeled into local governments across the Commonwealth, as savings are realized through leveraged buying opportunities created as a result of integration (telecommunications, PCs, servers, storage etc.).

Mr. Stewart commented that Transformation is more than about savings. He emphasized that Transformation it is about improving the value of services provided and investing monies more wisely by creating efficiencies and using those monies to create real value that citizens can feel (i.e. online services).

There are a number of initiatives underway to better translate and communicate the value of services to stakeholders in a way wherein they can understand, feel, and know exactly what the value of the service is, as opposed to simply stating a monetary figure. A good example of the value of services would be filing taxes online, online licensing, etc.

Financial Results

Mr. Stewart stated that retained earnings and operating revenues are as anticipated. Revenues are lower than anticipated as well as expenses. There is continued concern regarding cash flow associated with the direct bill implementation. Direct bill requires VITA to pay salaries and vendor invoices for transitioned agency IT goods and services, and then bill the costs in addition to the approved administrative fee back to the transitioned agencies. This results in a lag between payment for goods and services and receipt of customer revenues, causing a decrease in cash balances.

VITA staff has made a recommendation to the ITIB Finance and Audit Committee, and is working with the Department of Planning and Budget, to change the payment processes to help resolve cash flow issues. This will resolve the issue temporarily, but the issue will continue to be monitored, as there will not be a long enough period of time after the transition to fully evaluate the impact on cash flow. VITA staff is working closely with the

Department of Accounts and the Department of Planning and Budget to address cash flow in the event it continues to be an issue.

Evolution of Funding: 2004 – 2006 Biennial Budget

Lem Stewart stated that out of the \$15,121,000 total budget amendments requested in the Governor's proposed budget to the 2005 General Assembly, only \$500,000 was approved. The decrease in General Fund (GF) allocations was partly due to a recommendation by the Joint Legislative Audit and Review Commission (JLARC) to the Senate Finance Committee that, with the exception of the Virginia Base Mapping Program, all VITA budget requests were inappropriate for GF funding. This means that all requests should be internal service fund dollars and should be charged back to agencies, including the repayment of the Treasury loan for start-up funds. Part of this decision is related to the flow of dollars between GF and Federal dollars in state government. When monies are allotted to the general fund, they are to be spent for general fund expenditures only, and there is no federal allocation or sharing of the funds. Moving these dollars into a service charge arrangement would cause Federal participation in supporting programs, and lessen the demand on general funds. Federal funds in the agencies range from 15% to 90%, depending on the type of agency.

VITA recommendations in response to the approved budget are:

- Seek a Treasury loan
- Establish new rates requiring JLARC approval
- Establish a one-time rate not requiring JLARC approval
- Use PPEA solution, if possible

The issue created is that unplanned and unbudgeted expenses must now be charged to agencies. The projected agency impact in FY 2006 (an unplanned, unbudgeted year) is \$9,900,000. FY 2007 is \$10,900,000 and FY 2008 is \$5,300,000. VITA is communicating with agencies and the General Assembly in anticipation of a number of agencies requesting additional GF monies. Other agencies would seek Federal allocations.

Jimmy Hazel stated that VITA staff had done all they could do in working with General Assembly staff and legislative members, based on assumptions that there was support in the General Assembly. He stated that it would be a mistake to go forward in the next years and expect success in asking for GF dollars. He emphasized that VITA must take the actions of the General Assembly and plan in a different manner in going forward with budgetary requests.

Anticipated Rate Changes

VITA is in the process of developing a shared rate structure that will replace the direct bill methodology. This will create no rate change in FY 06 and FY 07. Other rate changes for FY 06 and FY 07 are indicated below. The rate structure change will be submitted to JLARC in September, with the request in some cases, that rate changes be retroactive to June.

	FY 06	FY 07
Shared services rates from direct bill	No change	No change
Relocate the Data Center	\$ 1.5 M	\$ 1.7 M
Project Management Division	\$ 1.6 M	\$ 1.0 M
Virginia Base Mapping Program	\$.4 M	\$ 1.9 M
Security/Risk assessment/Incident Management	\$ 3.3 M	\$ 3.3 M

Start-up Fund reversion

\$ 3.1 M

\$ 3.0 M

Len Pomata inquired if all items were mandatory expenditures, and if not, was any consideration given to cutting or deferring programs. Lem Stewart stated that there is no flexibility, as expenditures were either mandatory or in process. He stated that other alternatives were being considered, such as VITA aggressively pursuing block grant dollars from the Homeland Security Office to help facilitate activity. Block grant requests are:

Statewide Incident Management	\$ 750,000
Video Surveillance capability in Richmond Plaza Building	\$ 70,000
Risk assessment software	\$ 55,000
Information security officer and customer awareness training program	\$ 400,000
Operation and maintenance of Virginia Readiness, Response and Recovery (VR3)	<u>\$ 580,000</u>
Total Requests	\$1,855,000

Enterprise Business Architecture Briefing

As directed by the ITIB, VITA developed an enterprise business model for the Commonwealth. The goal is to create a common and cohesive vision between business and technology in the Commonwealth. It contains four (4) components: enterprise business architecture; enterprise information architecture; enterprise solutions; and enterprise technical architecture.

The enterprise business architecture (EBA) component is the way to better understand the business of the Commonwealth so supporting information technology strategies for business objectives can be developed. VITA has adopted a Federal EBA model and modified it to fit the environment in Virginia. It is a framework to be used by the business leaders in the Commonwealth to formulate business strategies.

The EBA has been reviewed by the Governor's Office and the ITIB IT Project Review Committee and has been well-received. The Governor's Chief of Staff is presenting the document one-on-one to agencies individually as the EBA for the Commonwealth. The EBA is being evaluated and will be input into the Council on Virginia's Future relative to helping build and establish an overall Commonwealth business strategy. The document will serve as a bridge between the ITIB and the Council on Virginia's Future.

Paul Lubic, Associate Director of Policy, Procedures and Architecture, VITA Strategic Management Services Directorate, gave a presentation on the EBA. The presentation is available at www.vita.virginia.gov/ITIB/docs.cfm.

After the presentation, Scott Pattison inquired if there were competing frameworks with the Council on Virginia's Future. Mr. Lubic responded that VITA is working with the Department of Planning and Budget to take the two taxonomies and combine them into one. There have been two meetings to date. Ric Brown, Director of the Department of Planning and Budget, is forming a project team to address these issues.

Chairman Huang commended Mr. Lubic and all VITA staff involved in working on the development of the EBA.

Jim McGuirk made a motion that the ITIB approve the Enterprise Business Architecture for Commonwealth usage to relate technical investments to business functions. Dr. Miller seconded the motion. The motion was carried unanimously.

Council on Virginia's Future

Jane Kusiak, Office of the Governor, gave a presentation entitled: Evolution and Current Status of the Council on Virginia's Future. Ms. Kusiak presented background information on the Council.

The Council is chaired by Governor Mark Warner, and co-chaired by John Wynne. Its membership consists of the House and Senate majority and minority leaders, the President Pro Tempore of the Senate, the Speaker of the House, the Chairs of the House Appropriation Committee and Senate Finance Committee, two Cabinet Secretaries, and citizens-at-large. The Council was established by the 2003 General Assembly pursuant to HB 2097 to advise the Governor and the General Assembly on the implementation of the Roadmap for Virginia's Future process, which is:

- Developing a set of guiding principles that are reflective of public sentiment and relevant to critical decision-making
- Establishing a long-term vision for the Commonwealth and analyzing Virginia's core state service categories
- Setting and aligning long-term objectives for state services
- Instituting a planning and performance management system consisting of strategic planning, performance measurement, program evaluation and performance budgeting, and
- Performing plan adjustments based on public input and evaluation of the results of the Roadmap

The membership provides continuity of operations in state government. The Council establishes ways to measure Virginia's current status, prioritize future goals, and establish metrics to help measure progress toward meeting those goals.

Ric Brown, Director of the Department of Planning and Budget (DPB), followed with a presentation entitled: Commonwealth of Virginia Executive Branch Strategic Planning, Service Area Planning, and Performance-Based Budgeting.

Mr. Brown's presentation entailed three perspectives:

- DPB's process of bringing together systematically the many different projects and processes in state government;
- The process of DPB in adding meaning and continuity in agencies in planning activities and services, and
- The linkage between the planning and processes of agencies in relation to the budgeting process.

Mr. Brown explained the budgeting process and how it has evolved since 1980. He stated approximately 90% of agencies currently have strategic plans in place. The plans vary in nature and how they are used to guide operations. DPB's mission is to make the linkage

between what is planned and expectations of services in state government to results and to the budgeting process more explicit.

He reiterated that the Council on Virginia's Future's membership composition provides continuity and meaning to the activities/services in state government. Continuity provides an opportunity to develop and maintain long term objectives.

Mr. Brown further explained the process design for strategic plans in the Commonwealth. Agency plans, goals and objectives are a linkage to the budgeting process.

In the past, the budget was built upon a program and subprogram structure – one used for planning and other used for budgeting purposes. To provide continuity in the process, the process design has changed to that of a service area plan for agencies. The service area plans provide a better understanding of the linkage to the budgeting process. Plans consist of allocations of resources toward a specific objective, and each service area forms the basic unit of both budgeting and planning. Each service area plan will have at least one objective, and every objective will have at least one Performance Measure. The service area plans are an addition to the strategic planning process in state government and will be relied upon heavily in developing an enterprise structure to be provided to the Council on Virginia's Future.

Chairman Huang thanked both Jane Kusiak and Ric Brown for their presentations. He expressed the Board's appreciation as it moves forward in implementing VITA's strategic planning, as well as recommended technology investments and the Enterprise Business Architecture. He stated that the Board's efforts will be complementary to the efforts of the Council and DPB. He further expressed to Board members the importance of all efforts made to make strategic planning a reality in the Commonwealth of Virginia as it begins to link initiatives such as business architectures and business process reengineering in strategic planning.

Both presentations are available at www.vita.virginia.gov/ITIB/docs.cfm.

2005 Recommended Technology Investment Projects (RTIP) Report

Constance Scott, Project Management Consultant, VITA Strategic Management Services Directorate, gave an updated presentation entitled *ITIB Recommended Technology Investment Projects (RTIP) 2005 Report – Decision Brief*. The full presentation is available at www.vita.virginia.gov/ITIB/docs/cfm.

She stated that it is the goal of the Commonwealth IT Investment Board that the RTIP Report becomes the primary driver for Commonwealth technology investment decisions in the 2007 budget process. During the presentation, the Board would be receiving an action plan/summary of all the changes made to the report and to the process for 2005.

Desired Outcomes of the 2005 RTIP Report:

- Recommend prioritized future technology investments for funding in the Governor's Budget
- Recommend future technology investments for funding in the Appropriation Act
- Drive Enterprise Investments across the Commonwealth of Virginia
- Facilitate collaboration opportunities across organizations and political subdivisions where appropriate
- Communicate viable business opportunities to internal/external partners

- Demonstrate change in investment strategies to illustrate how tax dollars are funding the improvement of services to citizens.

Proposed Changes to the 2005 RTIP Report

- All project categories will be subdivided into two views
 - Enterprise/Collaboration Projects
 - Secretariat/Agency Projects
- Added categories to the 2005 RTIP Report:
 - Projects Not Recommended for Funding
 - Active Projects – Recommended for Additional Funding
 - Recommended for Funding of Detailed Business Case
 - Recommended for Maintained Funding of Detailed Business Case

Proposed Process Changes to the 2005 RTIP Report

- Scoring - Projects must score 70% or higher to be included
- Ranking - Shift emphasis in the scoring and ranking process to strategic alignment and benefits to the Commonwealth
- Priority technology investment projects (PTIP) will not pull top two projects (or 30%) from each Secretariat, rather it will be based on the ranking of projects
- PTIP will be based on 1 – n ranking
- Agency priorities will be factored into the 1 – n ranking
- Secretariat priorities will be reported along with the CIO recommended priorities to the ITIB

Ms. Scott stated that agencies will be requested to provide major project information by May 31. The VITA Project Management Division will go through an evaluation process and ask agencies to certify data by June 15. The target date for submission of the RTIP Report to the ITIB is July 8, with a mandatory date of July 15, 2005.

Jim McGuirk stated that the goal is to make sure the 2005 RTIP Report meets the requirements of the legislation, which is that IT projects be prioritized so that the legislature and the Governor fully understand from the ITIB's perspective where the monies should be applied and specifically to what IT projects. This will occur with the 2005 RTIP Report. He further stated that if the RTIP Report is to drive budgetary decisions from the onset, it must be a part of the new biennial budget. In this case, the 2005 RTIP will affect the budgeting process, rather than drive it.

Jim McGuirk commented that, in essence, there are two key factors/fundamental changes to the 2005 RTIP Report:

- Format - the new format will show the legislature and the Governor that there is a difference between the enterprise view and the Secretariat/agency view.
- Scoring Mechanism – there has been extra credit given when projects are fitting into the strategic alignment of the agencies, the Governor, and the Commonwealth, and also extra credit is given to those projects where there is collaboration across agencies and Secretariats.

Mr. McGuirk made a motion that the ITIB approve the changes to the 2005 RTIP Report and also approve the process changes to the 2005 RTIP Report. Jimmy Hazel seconded the motion. The motion carried unanimously.

Walter Kucharski complimented VITA staff and the IT Project Review Committee on the tremendous amount of work that had been done in revising and improving the RTIP report for 2005.

Committee Reports

Chairman Huang called for reports from the Legislative Review, IT Project Review, and Finance and Audit Committee chairmen.

Legislative Review Committee, Jimmy Hazel, Committee Chair

Mr. Hazel stated that the majority of the Legislative Review Committee report was covered in the CIO Report. He brought the Board's attention to the 2005 Legislative Scorecard which was included in the Board agenda packets, which highlighted major legislative activity.

Mr. Hazel commended the Office of the Secretary of Technology, VITA staff, and the CIO for the diligent work in attending legislative committee meetings, meeting with legislators, and tracking legislation during the 2005 General Assembly session.

IT Project Review Committee - Jim McGuirk, Committee Chair

Mr. McGuirk thanked the staff and his colleagues for their hard work and extra time devoted to continuously working through the process of improving the 2005 RTIP Report.

In addition to the Enterprise Business Architecture and the RTIP Report, he focused the Board's attention to the Refresh of the Commonwealth of Virginia Strategic Plan for Technology, which had been previously distributed. He stated that four initiatives had been updated in the plan to show what the ITIB factors are. The four updated initiatives are: Revolutionize Service Delivery to Our Customers; Consolidate IT Infrastructure and Provide Centralized Services; Plan, Budget, and Track IT Expenditures; and Manage IT Procurement.

Mr. McGuirk made a motion that the ITIB approve the Refresh of the Commonwealth of Virginia Strategic Plan for Technology with the four initiatives so that the Plan will be up-to-date. Len Pomata seconded the motion. The motion carried unanimously.

Mr. McGuirk requested that the IT Project Review Committee be renamed to the Strategic Planning and Review Committee (SPARC), since the committee's focus has moved away from project review to a broader role of strategic planning.

At the will of the chair, the committee name was changed to the Strategic Planning and Review Committee.

Finance and Audit Committee, Scott Pattison, Committee Chair

Mr. Pattison distributed additional information that had not been included in the agenda packets: The Internal Audit Services Audit Plan; the Internal Audit Services Charter and the Auditor of Public Accounts and APA SAS 70 Audit Report (page 2). He stated that the Finance and Audit Committee had met on April 11 and discussed several issues. He focused on the April 2005 Finance Report. He stated that because of a structural issue, there was still a problem with cash flow. For the long term, the committee discussed ways to deal with this problem, such as lines of credit or anticipatory Treasury loans. In

the short term, the committee recommended that a change in customer payment terms to 10 days rather than 30 days be made.

After discussion, Mr. Pattison made a motion that the ITIB approve a change in customer payment terms for all funds from 30 days to 10 days past the VITA billing date, with the understanding that this is only a temporary change until structural issues are resolved. Dr. Miller seconded the motion. The motion carried unanimously.

Chairman Huang informed the Board that the issue had been discussed at length in the Finance and Audit Committee meeting and there were legitimate reasons why this conclusion was reached.

Mr. Pattison discussed the rates for new and shared services. He stated that there are five new service rates, and one current existing rate to be reduced. The five new service rates are: VMWare – Virtual Servers (Standard OS); VMWare – Virtual Servers (Enterprise OS); Shared SQL Server Database; Shared E-mail Service; and Shared Blackberry Service. The current existing service rate reduction is the Government-to-Government Enterprise Services Interface (GESI).

Jim McGuirk inquired if there was a forecast that the new services rate would bring in revenue that would help the cash flow issue. Lem Stewart responded that the new services rate will not help offset the cash flow issue.

Mr. Pattison made a motion that the ITIB approve the five new rates and one existing rate reduction. Jimmy Hazel seconded the motion. The motion carried unanimously.

Mr. Pattison stated that Peggy Ward, the new Internal Audit Director, had done an excellent job in developing the Internal Audit Services Charter. One addition was made giving the internal audit staff full access to the Finance and Audit Committee and to the ITIB.

The SAS 70 Audit Plan, the Internal Audit Services Charter and the Audit Plan had been previously sent to the ITIB for review.

Mr. Pattison made a motion that the ITIB approve the SAS 70 Audit Plan, the Internal Audit Services Charter and the Internal Audit Services Audit Plan, noting that there would be continual analysis of the risk assessments and the Internal Audit staff will revisit the Audit Plan in the fall and provide an additional assessment of changes to be made. In addition, two additional staff persons will be hired in the VITA internal audit section by the summer of 2005. Dr. Miller seconded the motion. The motion carried unanimously.

Other Business

Chairman Huang asked members for any other business that needed to come before the Board. No other business was introduced.

Public Comment

Chairman Huang solicited public comment. There was no public comment.

Executive Session

Jimmy Hazel made the following motion:

Mr. Chairman:

I move that the ITIB convene a closed meeting pursuant to Va. Code §§2.2-3711 (A)(6) for the purpose of discussing PPEA proposals received by VITA, as discussion in open meeting would undermine VITA's bargaining posture and therefore its financial interest. The CIO and certain staff whom he has selected for their familiarity with the above matters should attend the closed meeting, as their attendance will aid our discussion.

Peter Bacque, a reporter with the Richmond Times-Dispatch, objected to the closed session under Freedom of Information Act (FOIA) because while FOIA does permit closed sessions under the exemption cited, it did not require that discussions be held in closed session.

After consultation with ITIB Counsel John Westrick, it was determined that the exemption cited was sufficient to convene a closed session, and it was left to the Board's discretion as to whether it preferred to convene in closed session.

At the discretion of the Board, Chairman Huang proceeded with the motion. Len Pomata seconded the motion. The Board carried the motion unanimously.

The Board reconvened in open session at 4:50 p.m. Chairman Huang made the following motion:

I move that the ITIB is now reconvened in open session, having completed a closed meeting to discuss PPEA proposals received by VITA, as discussion in open meeting would undermine VITA's bargaining posture and therefore its financial interest. I will now conduct a roll call and will ask each member to certify, to the best of his or her knowledge, that only public business matters lawfully exempt from open meeting requirements under the Freedom of Information Act and only those public business matters identified in the motion convening the closed meeting were heard, discussed or considered in the closed meeting.

Jimmy Hazel seconded the motion. The roll was called and each of the seven members so certified. (Chris Caine and Hiram Johnson left the meeting early).

Adjourn

A motion was made by Jimmy Hazel to adjourn. Len Pomata seconded the motion. The next meeting of the ITIB will be Wednesday, June 8, 2005, at the VITA Operations Center, 110 South Seventh Street – 4th Floor Auditorium, Richmond, Virginia 23219. There being no further business, the meeting adjourned at 5:00 p.m.

